

Senate Engrossed House Bill

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

CHAPTER 113

HOUSE BILL 2139

AN ACT

AMENDING SECTION 20-450, ARIZONA REVISED STATUTES; RELATING TO INSURANCE PRACTICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-450, Arizona Revised Statutes, is amended to
3 read:

4 20-450. Practices not prohibited as discrimination or rebates
5 in life and disability insurance

6 A. Nothing in ~~sections~~ SECTION 20-448 or 20-449 shall be construed as
7 including within the definition of discrimination or rebates any of the
8 following practices:

9 1. In the case of any contract of life insurance or life annuity,
10 paying bonuses to policyholders or otherwise abating their premiums in whole
11 or part out of surplus accumulated from nonparticipating insurance, but any
12 such bonuses or abatement of premiums shall be fair and equitable to
13 policyholders and for the best interests of the insurer and its
14 policyholders.

15 2. In the case of life insurance policies issued on the industrial
16 debit plan, making allowance to policyholders who have continuously for a
17 specified period made premium payments directly to an office of the insurer
18 in an amount which fairly represents the saving in collection expense.

19 3. Readjustment of the rate of premium for a group insurance policy
20 based on the loss or expense experience thereunder, at the end of the first
21 or any subsequent policy year of insurance thereunder, which may be made
22 retroactive only for such policy year.

23 4. Issuing life or disability policies on a salary savings or payroll
24 deduction plan at a reduced rate commensurate with the savings made by the
25 use of such plan.

26 B. SECTION 20-448 OR 20-452 DOES NOT PROHIBIT ANY PERSON FROM
27 PROVIDING OR OFFERING TO PROVIDE:

28 1. IN THE CASE OF GROUP DISABILITY INSURANCE, REWARDS OR INCENTIVES
29 UNDER A WELLNESS PROGRAM THAT SATISFIES THE REQUIREMENTS FOR AN EXCEPTION
30 FROM THE GENERAL PROHIBITION AGAINST DISCRIMINATION BASED ON A HEALTH FACTOR
31 UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (P.L.
32 104-191; 110 STAT. 1936), INCLUDING ANY FEDERAL REGULATIONS THAT ARE ADOPTED
33 PURSUANT TO THAT ACT.

34 2. IN THE CASE OF INDIVIDUAL DISABILITY INSURANCE, REWARDS OR
35 INCENTIVES UNDER A WELLNESS PROGRAM THAT SATISFIES THE EQUIVALENT OF THE
36 REQUIREMENTS FOR AN EXCEPTION FROM THE GENERAL PROHIBITION AGAINST
37 DISCRIMINATION BASED ON A HEALTH FACTOR UNDER THE HEALTH INSURANCE
38 PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (P.L. 104-191; 110 STAT. 1936),
39 INCLUDING ANY FEDERAL REGULATIONS THAT ARE ADOPTED PURSUANT TO THAT ACT.

APPROVED BY THE GOVERNOR APRIL 24, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 24, 2007.